

Weekly Contributions  
Latin America Branch, ORE, CIA  
28 June 1949

NORTHERN DIVISION: Mexico's new leftist labor federation is quite capable of disrupting the relative calm of that country's labor picture (p. 2). An attempt by the Caribbean Legion to invade the Dominican Republic has failed (p. 3).

CENTRAL DIVISION: A Brazilian manganese concessionaire has signed an agreement with a US company which may point the way for further US participation in minerals exploitation (p. 3).

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Weekly Contributions, B/LA  
(CIA Working Paper)

28 June 1949

1. MEXICO: New "Central" Threatens Government Labor Control

The establishment of a new leftist federation of labor unions, though lightly regarded by the Alemán administration, if not checked, is quite capable of disrupting the relative calm of the Mexican labor picture.

The new "Central", Unión General de Obreros y Campesinos (UGOC), grew out of the "pact of friendship and mutual aid" which in January 1948 united five of the leading national syndicates as an implicit protest against Alemán's firm labor policy. It formally came into being on 22 June when a constituent congress united under Agustín Guzmán of the miners' union, a group including miners, railroad workers, Asociación de Obreros y Campesinos Mexicanos (AOCM), other small unions, and peasant groups. As the petroleum workers and the Communist-controlled Confederación Unica de Trabajadores (CUT), both of whom originally signed the pact, did not come into the new federation, the organization is not as strong as had been originally planned. Although the new UGOC has declared allegiance to the Communist-controlled CTAL and WFTU, it has ignored the CUT (also Communist-controlled) which has publicly accused the original pact members of a breach of unity in failing to include the CUT in the constituent congress.

The government's lack of concern (evidenced by the fact that the Minister of Gobernación delivered a welcoming speech to the new federation's constituent congress) is probably due to a considerable extent to the administration's previous success in controlling labor, and undoubtedly takes into account the fact that the new "Central" is smaller than was originally planned, and lacks singleness of purpose.

It is true that the new federation does not offer an immediate threat to the government-controlled CTM. It was originally organized, however, to reinforce Lombardo Toledano's waning influence by furnishing him with a majority or a plurality of Mexican labor so that he could be its representative at all international labor gatherings, and there is no evidence that the "Central" has changed these objectives in any way. Further, the new organization can be expected to become stronger. It will attempt to attract to itself all the "friendship pact" unions and its sympathizers; it will endeavor to iron out its differences with CUT; it will extend its influence to independent unions controlled now neither by CTM nor by Lombardo. Any considerable success in attaining its objectives will make the new UGOC the most serious threat of recent years to the administration's control of labor.

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2. **DOMINICAN REPUBLIC:** The Caribbean Legion, although unsuccessful in its recent effort to land men and materiel in Luperón Harbor in the Dominican Republic, will continue to pursue its revolutionary objectives in Central America and the Caribbean. Thus far the stability of individual governments in the area has not been affected, but international relationships will inevitably become even more strained. Dominican President Trujillo is expected to lodge accusations with various inter-American groups, using the recent incident as proof of the hostile intentions of Guatemala and Cuba in particular.

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3. **BRAZIL:** US-Brazilian Manganese Agreement

An agreement which may point the way for further participation of US private capital in the development of Brazil's mineral resources, as well as opening up a promising source of manganese for the US in the Western Hemisphere, has been concluded between the Brazilian concessionaire of the Amapá manganese deposits (in Northeastern Brazil near the mouth of the Amazon) and a major US steel company. Under terms of a preliminary agreement signed 9 June, the US company is to explore the Amapá deposits at its own expense. If results of the exploration prove satisfactory, a new company (non-profit) will then be formed to develop the mine and transportation and to conduct the mining operations. Brazilians will hold 51 percent of the stock in the new company, but the US participants, who will supply the entire capital needed for development, will control the technical operations and management. It is reportedly agreed that during the life of the mine the new company will sell at cost (which will include amortization of the loan capital advanced by the US company) 51 percent of the ore produced to the Brazilian interests and 49 percent to the US interests. The Brazilian concessionaire has been negotiating with the US Federal Bureau of Supply to provide it with manganese for stockpiling. Eventually it is hoped ore may be shipped out at the rate of 300,000 tons a year. However, production on such a scale is clearly impossible until a railroad is built from the mine site to an ocean port -- a project not likely to be completed before 1952.

The type of agreement reached, showing a high degree of comprehension on the part of the US company of Brazilian sensibilities and conditions, should protect the operation from any widespread charges of "Yankee imperialism". If it proves to be a workable compromise between the frequently conflicting demands of Brazilian nationalism and US private enterprise, it may furnish a useful precedent for participation of US capital in development of other Brazilian mineral resources.

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